

MEMORANDUM FOR: DDI - [REDACTED]

Here is a paragraph of substantive material for the DCI's reply to the letter.

[REDACTED]  
/ MAURICE C. ERNST  
Director  
Economic Research

21 Jun 74  
(DATE)

FORM NO. 101 REPLACES FORM 10-101  
1 AUG 54 WHICH MAY BE USED.

(47)

STAT

25X1

I found your analysis of the current Euromarket situation quite interesting. The Agency has been following Euromoney developments closely since oil prices increased sharply early this year, <sup>and</sup> the ability of the market to recycle oil producer surpluses to consumers is of particular interest. We have noted reports that the market is becoming saturated with short-maturity oil deposits, with some banks now offering lower interest rates for these funds or refusing to seriously bid for deposits. The extent to which the market safely can satisfy the financing needs of consuming countries is being watched closely.